

WHITESVILLE STATE BANK

LEE MILAM, JR.
PRESIDENT

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Member FDIC

October 5, 2012

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Office of the Comptroller
250 E. ST., SW
Mail Stop 2-3
Washington, DC 20219

Robert E. Feldman
Executive Secretary
Attention: Comments/Legal Ess
Federal Deposit Insurance Corporation,
550 17th Street, N.W.
Washington, DC 20429

RE: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for the opportunity to provide commen on the Basel III proposals that were recently issued for the public to comment by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. Making Basel III regulations applicable to community banks will cripple not only the community banks themselves, but more importantly the communities which they serve. We are a community bank that serves the community, we have a relationship with our customers that just wouldn't happen within a large bank. Community banks operate on a relationship-based business model that is specifically designed to serve customers in their respective communities on a long term basis. The new, strict capital proposals within the Basel III are designed for the largest banks that have global risks that make these larger institutions more vulnerable to extreme losses

If regulators are not willing to exempt community banks from the capitol conservation buffers, additional time needs to be allotted for community banks to grow the additional capital to retain and accumulate earnings accordingly.

COMFORT BRANCH
304/837-3366

CRAB ORCHARD BRANCH
304/253-8639

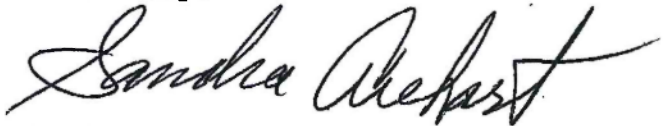
GLEN DANIEL BRANCH
304/934-5324

The proposed risk weight framwork under Basel III is extremely complicated and will be a major regulatory burden that will penalize community banks and those within the community wishing to purchase or refinance a home. If community banks aren't able to lend money to those in need in the community, this could jeopardize the hous\$ng revovery.

The current laws and regulations that are currently in place for the banks are adequate. West Virginia banks are the strongest in the nation.

Pleasereconsider the adoption of Basel III for community banks. The capital requirements will hinder community banks nationwide and make it nearly impossible for us to serve our communities.

Sincerely,

A handwritten signature in cursive script, reading "Sandra Arehart". The signature is fluid and extends across the width of the text area.

Sandra Arehart
Receptionist-Secretary
Whitesville State Bank